

## PART 200 [RESERVED]

## PART 201—REGULATIONS UNDER THE PACKERS AND STOCKYARDS ACT

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AUTHORITY: 7 U.S.C. 222 and 228; 7 CFR 2.22 and 2.81.

### DEFINITIONS

#### § 201.1 Meaning of words.

Words used in this part in the singular form shall be deemed to import the plural, and vice versa, as the case may demand.

[19 FR 4524, July 22, 1954]

#### § 201.2 Terms defined.

The definitions of terms contained in the Act shall apply to such terms when used in the Regulations under the Packers and Stockyards Act, 9 CFR part 201; Rules of Practice Governing Proceedings under the Packers and Stockyards Act, 9 CFR part 202; Statements of General Policy under the Packers and Stockyards Act, 9 CFR part 203; and Organization and Functions, 9 CFR part 204. In addition the following terms used in these parts shall be construed to mean:

(a) *Act* means the Packers and Stockyards Act, 1921, as amended and supplemented (7 U.S.C. 181 et seq.).

(b) *Department* means the United States Department of Agriculture.

(c) *Secretary* means the Secretary of Agriculture of the United States, or any officer or employee of the Department authorized to act for the Secretary.

(d) *Administration* or *agency* means the Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs).

(e) *Administrator* or *agency head* means the Administrator of the Administration or any person authorized to act for the Administrator.

(f) *Regional Supervisor* means the regional supervisor of the Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs) for a given area or any person authorized to act for the regional supervisor.

(g) *Person* means individuals, partnerships, corporations, and associations.

(h) *Registrant* means any person registered pursuant to the provisions of the Act and the regulations in this part.

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(i) *Stockyard* means a livestock market which has received notice under section 302(b) of the Act that it has been determined by the Secretary to come within the definition of “stockyard” under section 302(a) of the Act.

(j) *Schedule* means a tariff of rates and charges filed by stockyard owners and market agencies.

(k) *Custom Feedlot* means any facility which is used in its entirety or in part for the purpose of feeding livestock for the accounts of others, but does not include feeding incidental to the sale or transportation of livestock.

[46 FR 50510, Oct. 14, 1981]

### ADMINISTRATION

#### § 201.3 Authority.

The Administrator shall perform such duties as the Secretary may require in enforcing the provisions of the act and the regulations in this part.

[19 FR 4524, July 22, 1954]

### APPLICABILITY OF INDUSTRY RULES

#### § 201.4 Bylaws, rules and regulations, and requirements of exchanges, associations, or other organizations; applicability, establishment.

(a) The regulations in this part shall not prevent the legitimate application or enforcement of any valid bylaw, rule or regulation, or requirement of any exchange, association, or other organization, or any other valid law, rule or regulation, or requirement to which any packer, stockyard owner, market agency, or dealer shall be subject which is not inconsistent or in conflict with the act and the regulations in this part.

(b) Market agencies selling livestock on commission shall not, in carrying out the statutory duty imposed upon them by section 307 of title III of the act, permit dealers, packers, or others representing interests which conflict with those of consignors, to participate, directly or indirectly, in determination of the need for, or in the establishment of, regulations governing,

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or practices relating to, the responsibilities, duties, or obligations of such market agencies to their consignors.

(7 U.S.C. 181 et seq.)

[19 FR 4524, July 22, 1954, as amended at 44 FR 45361, Aug. 2, 1979]

### REGISTRATION

#### § 201.10 Requirements and procedures.

(a) Every person operating or desiring to operate as a market agency or dealer as defined in section 301 of the Act shall apply for registration under the Act. To apply for registration, such persons shall file a properly executed application for registration, on forms furnished by the Agency, and the bond as required in §§ 201.27 through 201.34.

(b) Each application for registration shall be filed with the regional supervisor for the region in which the applicant proposes to operate. If the Administrator has reason to believe that the applicant is unfit to engage in the activity for which application has been made, a proceeding shall be promptly instituted in which the applicant will be afforded opportunity for full hearing in accordance with the rules of practice governing such proceedings, for the purpose of showing cause why the application for registration should not be denied. In the event it is determined that the application should be denied, the applicant shall not be precluded, as soon as conditions warrant, from again applying for registration.

(c) Any person regularly employed on salary, or other comparable method of compensation, by a packer to buy livestock for such packer shall be subject to the registration requirements of the Act and the regulations. Such person shall be registered as a dealer to purchase livestock for slaughter.

(d) Every person clearing or desiring to clear the buying operations of other registrants shall apply for registration as a market agency providing clearing services by filing a properly executed application, on forms furnished by the

Agency, and the bond as required in §§ 201.27 through 201.34.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 203, 204, 207, 217a, 222 and 228)

[49 FR 33003, Aug. 20, 1984, as amended at 54 FR 37094, Sept. 7, 1989; 56 FR 2127, Jan. 22, 1991; 68 FR 75388, Dec. 31, 2003]

#### § 201.11 Suspended registrants; officers, agents, and employees.

Any person whose registration has been suspended, or any person who was responsible for or participated in the violation on which the order of suspension was based, may not register in his own name or in any other manner within the period during which the order of suspension is in effect, and no partnership or corporation in which any such person has a substantial financial interest or exercises management responsibility or control may be registered during such period.

(7 U.S.C. 203, 204, 207, 217a and 228)

[49 FR 33003, Aug. 20, 1984]

### SCHEDULES OF RATES AND CHARGES

#### § 201.17 Requirements for filing tariffs.

(a) *Schedules of rate changes for stockyard services.* Each stockyard owner and market agency operating at a posted stockyard shall file with the regional supervisor for the region in which they operate a signed copy of all schedules of rates and charges, supplements and amendments thereto. The schedules, supplements and amendments must be conspicuously posted for public inspection at the stockyard, and filed with the regional supervisor, at least 10 days before their effective dates, except as provided in paragraphs (b) and (c) of this section. Each schedule, supplement and amendment shall set forth its effective date, a description of the stockyard services rendered, the stockyard at which it applies, the name and address of the stockyard owner or market agency, the kind of livestock covered by it, and any rules or regulations which affect any rate or charge contained therein. Each schedule of rates and charges filed shall be designated by successive numbers. Each supplement and amendment to such schedule shall be numbered and

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shall designate the number of the schedule which it supplements or amends.

(b) *Feed charges.* When the schedule in effect provides for feed charges to be based on an average cost plus a specified margin, the 10-day filing and notice provision contained in section 306(c) of the Act is waived. A schedule of the current feed charges based on average feed cost and showing the effective date shall be conspicuously posted at the stockyard at all times. Changes in feed charges may become effective 2 days after the change is posted at the stockyard.

(c) *Professional veterinary services.* The 10-day filing and notice provision contained in section 306(a) of the Act is waived for a schedule of charges for professional veterinary services. A schedule of charges for professional veterinary services rendered by a veterinarian at a posted stockyard shall be conspicuously posted at the stockyard at all times. The schedule of charges and any supplement or amendment thereto may become effective 2 days after the schedule, supplement, or amendment is posted at the stockyard.

(d) *Joint schedules.* If the same schedule is to be observed by more than one market agency operating at any one stockyard, one schedule will suffice for such market agencies. The names and business addresses of those market agencies adhering to such schedule must appear on the schedule.

(Approved by the Office of Management and Budget under control number 0580–0015)

(7 U.S.C. 203, 204, 207, 217a, 222 and 228)

[49 FR 33003, Aug. 20, 1984, as amended at 68 FR 75388, Dec. 31, 2003]

### GENERAL BONDING PROVISIONS

#### § 201.27 Underwriter; equivalent in lieu of bonds; standard forms.

(a) The surety on bonds maintained under the regulations in this part shall be a surety company which is currently approved by the United States Treasury Department for bonds executed to the United States; and which has not failed or refused to satisfy its legal obligations under bonds issued under said regulations.

(b) Any packer, market agency, or dealer required to maintain a surety

bond under these regulations may elect to maintain, in whole or partial substitution for such surety bond, a bond equivalent as provided below. The total amount of any such surety bond, equivalent, or combination thereof, must be the total amount of the surety bond otherwise required under these regulations. Any such bond equivalent must be in the form of:

(1) A trust fund agreement governing funds actually deposited or invested in fully negotiable obligations of the United States or Federally-insured deposits or accounts in the name of and readily convertible to currency by a trustee as provided in § 201.32, or

(2) A trust agreement governing funds which may be drawn by a trustee as provided in § 201.32, under one or more irrevocable, transferrable, standby letters of credit, issued by a Federally-insured bank or institution and physically received and retained by such trustee.

(c) The provisions of §§ 201.27 through 201.34 shall be applicable to the trust fund agreements, trust agreements and letters of credit authorized in paragraph (b) of this section.

(d) Bonds, trust fund agreements, letters of credit and trust agreements shall be filed on forms approved by the Administrator.

(Approved by the Office of Management and Budget under control number 0580–0015)

[56 FR 2128, Jan. 22, 1991, as amended at 61 FR 36279, July 10, 1996; 62 FR 11759, Mar. 13, 1997; 68 FR 75388, Dec. 31, 2003]

#### § 201.28 Duplicates of bonds or equivalents to be filed with Regional Supervisors.

Fully executed duplicates of bonds, trust fund agreements, and trust agreements maintained under the regulations in this part, and fully executed duplicates of all endorsements, amendments, riders, indemnity agreements, and other attachments thereto, and photographically reproduced copies of any letter of credit or amendment thereto, shall be filed with the Regional Supervisor for the region in which the registrant, packer, or person applying for registration resides, or in the case of a corporation, where the corporation has its home office: *Provided*, that if such registrant, packer,

or person does not engage in business in such area, the foregoing documents shall be filed with the Regional Supervisor for the region in which the place of business of the registrant or packer or person is located.

(Approved by the Office of Management and Budget under control number 0580-0015)

[56 FR 2128, Jan. 22, 1991, as amended at 68 FR 75388, Dec. 31, 2003]

#### MARKET AGENCY, DEALER AND PACKER BONDS

##### **§ 201.29 Market agencies, packers and dealers required to file and maintain bonds.**

(a) Every market agency, packer, and dealer, except as provided in paragraph (d) of this section, and except packer buyers registered as dealers to purchase livestock for slaughter only, shall execute and maintain a reasonable bond on forms approved by the Administrator containing the appropriate condition clauses, as set forth in § 201.31 of the regulations, applicable to the activity or activities in which the person or persons propose to engage, to secure the performance of obligations incurred by such market agency, packer, or dealer. No market agency, packer, or dealer required to maintain a bond shall conduct his operations unless there is on file and in effect a bond complying with the regulations in this part.

(b) Every market agency buying on a commission basis and every dealer buying for his own account or for the accounts of others shall file and maintain a bond. If a registrant operates as both a market agency buying on a commission basis and as a dealer, only one bond to cover both buying operations need be filed. Any person operating as a market agency selling on a commission basis and as a market agency buying on a commission basis or as a dealer shall file and maintain separate bonds to cover his selling and buying operations.

(c) Each market agency and dealer whose buying operations are cleared by another market agency shall be named as clearee in the bond filed and maintained by the market agency registered to provide clearing services. Each market agency selling livestock on a com-

mission basis shall file and maintain its own bond.

(d) Every packer purchasing livestock, directly or through an affiliate or employee or a wholly-owned subsidiary, except those packers whose annual purchases do not exceed \$500,000, shall file and maintain a reasonable bond. In the event a packer maintains a wholly-owned subsidiary or affiliate to conduct its livestock buying, the wholly-owned subsidiary or affiliate shall be registered as a packer buyer for its parent packer firm, and the required bond shall be maintained by the parent packer firm.

(7 U.S.C. 204, 228(a))

[48 FR 8806, Mar. 2, 1983]

##### **§ 201.30 Amount of market agency, dealer and packer bonds.**

(a) *Market agency selling livestock on commission.* To compute the required amount of bond coverage, divide the dollar value of livestock sold during the preceding business year, or the substantial part of that business year, in which the market agency did business, by the actual number of days on which livestock was sold. The divisor (the number of days on which livestock was sold) shall not exceed 130. The amount of bond coverage must be the next multiple of \$5,000 above the amount so determined. When the computation exceeds \$50,000, the amount of bond coverage need not exceed \$50,000 plus 10 percent of the excess over \$50,000, raised to the next \$5,000 multiple. In no case shall the amount of bond coverage for a market agency selling on commission be less than \$10,000 or such higher amount as required to comply with any State law.

(b) *Market agency buying on commission or dealer.* The amount of bond coverage must be based on the average amount of livestock purchased by the dealer or market agency during a period equivalent to 2 business days. To compute the required amount of bond coverage, divide the total dollar value of livestock purchased during the preceding business year, or substantial part of that business year, in which the dealer or market agency or both did business, by one-half the number of days on which business was conducted.

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The number of days in any business year, for purposes of this regulation, shall not exceed 260. Therefore, the divisor (one-half the number of days on which business was conducted) shall not exceed 130. The amount of the bond coverage must be the next multiple of \$5,000 above the amount so determined. When the computation exceeds \$75,000, the amount of bond coverage need not exceed \$75,000 plus 10 percent of the excess over \$75,000, raised to the next \$5,000 multiple. In no case shall the amount of bond coverage be less than \$10,000 or such higher amount as required to comply with any State law.

(c) *Market agency acting as clearing agency.* The amount of bond coverage must be based on the average amount of livestock purchased by all persons for whom the market agency served as a clearor during a period equivalent to 2 business days. To compute the required amount of bond coverage, divide the total dollar value of livestock purchased by all persons for whom the market agency served as a clearor during the preceding business year, or substantial part of that business year, in which the market agency acting as clearing agency did business, by one-half the number of days on which business was conducted. The number of days in any business year, for purposes of this regulation, shall not exceed 260. Therefore, the divisor (one-half the number of days on which business was conducted) shall not exceed 130. The amount of bond coverage must be the next multiple of \$5,000 above the amount so determined. When the computation exceeds \$75,000, the amount of bond coverage need not exceed \$75,000 plus 10 percent of the excess over \$75,000, raised to the next \$5,000 multiple. In no case shall the amount of bond coverage be less than \$10,000 or such higher amount as required to comply with any State law.

(d) *Packer.* The amount of bond coverage must be based on the average amount of livestock purchased by the packer during a period equivalent to 2 business days. To compute the required amount of bond coverage, divide the total dollar value of livestock purchased during the preceding business year, or substantial part of that business year, in which the packer did business,

by one-half the number of days on which business was conducted. The number of days in any business year, for purposes of this regulation, shall not exceed 260. Therefore, the divisor (one-half the number of days on which business was conducted) shall not exceed 130. The amount of the bond coverage must be the next multiple of \$5,000 above the amount so determined. In no case shall the amount of bond coverage for a packer be less than \$10,000.

(e) If a person applying for registration as a market agency or dealer has been engaged in the business of handling livestock before the date of the application, the value of the livestock handled, if representative of future operations, must be used in computing the required amount of bond coverage. If the applicant for registration is a successor in business to a registrant formerly subject to these regulations, the amount of bond coverage of the applicant must be at least that amount required of the prior registrant, unless otherwise determined by the Administrator. If a packer becomes subject to these regulations, the value of livestock purchased, if representative of future operations, must be used in computing the required amount of bond coverage. If a packer is a successor in business to a packer formerly subject to these regulations, the amount of bond coverage of the successor must be at least that amount required of the prior packer, unless otherwise determined by the Administrator.

(f) Whenever the Administrator has reason to believe that a bond is inadequate to secure the performance of the obligations of the market agency, dealer or packer covered thereby, the Administrator shall notify such person to adjust the bond to meet the requirements the Administrator determines to be reasonable.

(7 U.S.C. 204, 228(a))

[48 FR 8806, Mar. 2, 1983]

### **§201.31 Conditions in market agency, dealer and packer bonds.**

Each market agency, dealer and packer bond shall contain conditions applicable to the activity or activities

in which the person or persons named as principal or clearees in the bond propose to engage, which conditions shall be as follows or in terms to provide equivalent protection:

(a) *Condition Clause No. 1: When the principal sells livestock for the accounts of others.* If the said principal shall pay when due to the person or persons entitled thereto the gross amount, less lawful charges, for which all livestock is sold for the accounts of others by said principal.

(b) *Condition Clause No. 2: When the principal buys livestock for his own account or for the accounts of others.* If the said principal shall pay when due to the person or persons entitled thereto the purchase price of all livestock purchased by said principal for his own account or for the accounts of others, and if the said principal shall safely keep and properly disburse all funds, if any, which come into his hands for the purpose of paying for livestock purchased for the accounts of others.

(c) *Condition Clause No. 3: When the principal clears other registrants buying livestock and thus is responsible for the obligations of such other registrants.* If the said principal, acting as a clearing agency responsible for the financial obligations of other registrants engaged in buying livestock, viz: (Insert here the names of such other registrants as they appear in the application for registration), or if such other registrants, shall (1) pay when due to the person or persons entitled thereto the purchase price of all livestock purchased by such other registrants for their own account or for the accounts of others; and (2) safely keep and properly disburse all funds coming into the hands of such principal or such other registrants for the purpose of paying for livestock purchased for the accounts of others.

(d) *Condition Clause No. 4: When the principal buys livestock for his own account as a packer.* If the said principal shall pay when due to the person or persons entitled thereto the purchase price of all livestock purchased by said principal for his own account.

[47 FR 32695, July 29, 1982]

**§ 201.32 Trustee in market agency, dealer and packer bonds.**

Bonds may be in favor of a trustee who shall be a financially responsible, disinterested person satisfactory to the Administrator. State officials, secretaries or other officers of livestock exchanges or of similar trade associations, attorneys at law, banks and trust companies, or their officers, are deemed suitable trustees. If a trustee is not designated in the bond and action is taken to recover damages for breach of any condition thereof, the Administrator shall designate a person to act as trustee. In those States in which a State official is required by statute to act or has agreed to act as trustee, such official shall be designated by the Administrator as trustee when a designation by the Administrator becomes necessary.

[41 FR 53774, Dec. 9, 1976]

**§ 201.33 Persons damaged may maintain suit; filing and notification of claims; time limitations; legal expenses.**

Each bond and each bond equivalent filed pursuant to the regulations in this part shall contain provisions that:

(a) Any person damaged by failure of the principal to comply with any condition clause of the bond or bond equivalent may maintain suit to recover on the bond or bond equivalent even though such person is not a party named in the bond or bond equivalent;

(b) Any claim for recovery on the bond or bond equivalent must be filed in writing with either the surety, if any, or the trustee, if any, or the Administrator, and whichever of these parties receives such a claim shall notify the other such party or parties at the earliest practical date;

(c) The Administrator is authorized to designate a trustee pursuant to § 201.32;

(d) The surety on the bond, or the trustee on the bond equivalent, as the case may be, shall not be liable to pay any claim if it is not filed in writing within 60 days from the date of the transaction on which the claim is based or if suit thereon is commenced less than 120 days or more than 547 days from the date of the transaction on which the claim is based;

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(e) The proceeds of the bond or bond equivalent, as the case may be, shall not be used to pay fees, salaries, or expenses for legal representation of the surety or the principal.

[56 FR 2128, Jan. 22, 1991]

### **§ 201.34 Termination of market agency, dealer and packer bonds.**

(a) Each bond shall contain a provision requiring that, prior to terminating such bond, at least 30 days notice in writing shall be given to the Administrator, Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs), U.S. Department of Agriculture, Washington, DC 20250, by the party terminating the bond. Such provision may state that in the event the surety named therein writes a replacement bond for the same principal, the 30-day notice requirement may be waived and the bond will be terminated as of the effective date of the replacement bond.

(b) Each bond filed by a market agency who clears other registrants who are named in the bond shall contain a provision requiring that, prior to terminating the bond coverage of any clearee named therein, at least 30 days notice in writing shall be given to the Administrator, Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs), U.S. Department of Agriculture, Washington, DC 20250, by the surety. Such written notice shall be in the form of a rider or endorsement to be attached to the bond of the clearing agency.

(c) Each trust fund agreement and trust agreement shall contain a provision requiring that, prior to terminating such agreement, at least 30 days notice in writing shall be given to the Administrator, Grain Inspection, Packers and Stockyards Administration, U.S. Department of Agriculture, Washington, DC 20250, by the party terminating the agreement. Such provision shall state that in the event the principal named therein files an acceptable bond or bond equivalent to replace the agreement, the 30-day notice requirement may be waived and the agreement will be terminated as of the effective

date of the replacement bond or bond equivalent.

(Approved by the Office of Management and Budget under control number 0580-0015)

[47 FR 32695, July 29, 1982, as amended at 54 FR 26349, June 23, 1989; 61 FR 36279, July 10, 1996; 68 FR 75388, Dec. 31, 2003]

### **PROCEEDS OF SALE**

### **§ 201.39 Payment to be made to consignor or shipper by market agencies; exceptions.**

(a) No market agency shall, except as provided in paragraph (b) of this section, pay the net proceeds or any part thereof, arising from the sale of livestock consigned to it for sale, to any person other than the consignor or shipper of such livestock except upon an order from the Secretary or a court of competent jurisdiction, unless (1) such market agency has reason to believe that such person is the owner of the livestock, (2) such person holds a valid, unsatisfied mortgage or lien upon the particular livestock, or (3) such person holds a written order authorizing such payment executed by the owner at the time of or immediately following the consignment of such livestock: *Provided*, That this paragraph shall not apply to deductions made from sales proceeds for the purpose of financing promotion and research activities, including educational activities, relating to livestock, meat, and other products covered by the Act, carried out by producer-sponsored organizations.

(b) The net proceeds arising from the sale of livestock, the ownership of which has been questioned by a market agency duly authorized to inspect brands, marks, and other identifying characteristics of livestock may be paid in accordance with the directions of such brand inspection agency if the laws of the State from which such livestock originated or was shipped to market make provision for payment of the proceeds in the manner directed by the brand inspection agency and if the market agency to which the livestock was consigned, and the consignor or consignors concerned, are unable to establish the ownership of the livestock



within a reasonable period of time, not to exceed 60 days after sale.

(7 U.S.C. 181 et seq.)

[19 FR 4528, July 22, 1954, as amended at 28 FR 7218, July 13, 1963; 44 FR 45361, Aug. 2, 1979]

**§ 201.42 Custodial accounts for trust funds.**

(a) *Payments for livestock are trust funds.* Each payment that a livestock buyer makes to a market agency selling on commission is a trust fund. Funds deposited in custodial accounts are also trust funds.

(b) *Custodial accounts for shippers' proceeds.* Every market agency engaged in selling livestock on a commission or agency basis shall establish and maintain a separate bank account designated as "Custodial Account for Shippers' Proceeds," or some similar identifying designation, to disclose that the depositor is acting as a fiduciary and that the funds in the account are trust funds.

(c) *Deposits in custodial accounts.* The market agency shall deposit in its custodial account before the close of the next business day (the next day on which banks are customarily open for business whether or not the market agency does business on that day) after livestock is sold (1) the proceeds from the sale of livestock that have been collected, and (2) an amount equal to the proceeds receivable from the sale of livestock that are due from (i) the market agency, (ii) any owner, officer, or employee of the market agency, and (iii) any buyer to whom the market agency has extended credit. The market agency shall thereafter deposit in the custodial account all proceeds collected until the account has been reimbursed in full, and shall, before the close of the seventh day following the sale of livestock, deposit an amount equal to all the remaining proceeds receivable whether or not the proceeds have been collected by the market agency.

(d) *Withdrawals from custodial accounts.* The custodial account for shippers' proceeds shall be drawn on only for payment of (1) the net proceeds to the consignor or shipper, or to any person that the market agency knows is entitled to payment, (2) to pay lawful

charges against the consignment of livestock which the market agency shall, in its capacity as agent, be required to pay, and (3) to obtain any sums due the market agency as compensation for its services.

(e) *Accounts and records.* Each market agency shall keep such accounts and records as will disclose at all times the handling of funds in such custodial accounts for shippers' proceeds. Accounts and records must at all times disclose the name of the consignors and the amount due and payable to each from funds in the custodial account for shippers' proceeds.

(f) *Insured banks.* Such custodial accounts for shippers' proceeds must be established and maintained in banks whose deposits are insured by the Federal Deposit Insurance Corporation.

(g) *Certificates of deposit and/or savings accounts.* Funds in a custodial account for shippers' proceeds may be maintained in an interest-bearing savings account and/or invested in one or more certificates of deposit, to the extent that such deposit or investment does not impair the ability of the market agency to meet its obligations to its consignors. The savings account must be properly designated as a party of the custodial account of the market agency in its fiduciary capacity as trustee of the custodial funds and maintained in the same bank as the custodial account. The certificates of deposit, as property of the custodial account, must be issued by the bank in which the custodial account is kept and must be made payable to the market agency in its fiduciary capacity as trustee of the custodial funds.

(Approved by the Office of Management and Budget under control number 0580-0015)

[47 FR 32696, July 29, 1982, as amended at 54 FR 26349, June 23, 1989; 68 FR 75388, Dec. 31, 2003]

ACCOUNTS AND RECORDS

**§ 201.43 Payment and accounting for livestock and live poultry.**

(a) *Market agencies to make prompt accounting and transmittal of net proceeds.* Each market agency shall, before the close of the next business day following the sale of any livestock consigned to it for sale, transmit or deliver to the

consignor or shipper of the livestock, or the duly authorized agent, in the absence of any knowledge that any other person, or persons, has any interest in the livestock, the net proceeds received from the sale and a true written account of such sale, showing the number, weight, and price of each kind of animal sold, the date of sale, the commission, yardage, and other lawful charges, and such other facts as may be necessary to complete the account and show fully the true nature of the transaction.

(b) *Prompt payment for livestock and live poultry—terms and conditions.* (1) No packer, market agency, or dealer shall purchase livestock for which payment is made by a draft which is not a check, unless the seller expressly agrees in writing before the transaction that payment may be made by such a draft. (In cases of packers whose average annual purchases exceed \$500,000, and market agencies and dealers acting as agents for such packers, see also § 201.200).

(2)(i) No packer, market agency, or dealer purchasing livestock for cash and not on credit, whether for slaughter or not for slaughter, shall mail a check in payment for the livestock unless the check is placed in an envelope with proper first class postage prepaid and properly addressed to the seller or such person as he may direct, in a post office, letter box, or other receptacle regularly used for the deposit of mail for delivery, from which such envelope is scheduled to be collected (A) before the close of the next business day following the purchase of livestock and transfer of possession thereof, or (B) in the case of a purchase on a “carcass” or “grade and yield” basis, before the close of the first business day following determination of the purchase price.

(ii) No packer, market agency, or dealer purchasing livestock for slaughter, shall mail a check in payment for the livestock unless (A) the check is made available for actual delivery and the seller or his duly authorized representative is not present to receive payment, at the point of transfer of possession of such livestock, on or before the close of the next business day following the purchase of the livestock and transfer of possession thereof, or,

in the case of a purchase on a “carcass” or “grade and yield” basis, on or before the close of the first business day following determination of the purchase price; or unless (B) the seller expressly agrees in writing before the transaction that payment may be made by such mailing of a check.

(3) Any agreement referred to in paragraph (b) (1) or (2) of this section shall be disclosed in the records of any market agency or dealer selling such livestock, and in the records of the packer, market agency, or dealer purchasing such livestock, and retained by such person for such time as is required by any law, or by written notice served on such person by the Administrator, but not less than two calendar years from the date of expiration thereof.

(4) No packer, live poultry dealer, market agency, or livestock dealer shall as a condition to its purchase of livestock or poultry, impose, demand, compel or dictate the terms or manner of payment, or attempt to obtain a payment agreement from a seller through any threat of retaliation or other form of intimidation.

(c) *Purchaser to promptly reimburse agents.* Each packer, market agency, or dealer who utilizes or employs an agent to purchase livestock for him, shall, in transactions where such agent uses his own funds to pay for livestock purchased on order, transmit or deliver to such agent the full amount of the purchase price before the close of the next business day following receipt of notification of the payment of such purchase price, unless otherwise expressly agreed between the parties before the purchase of the livestock. Any such agreement shall be disclosed in the records of the principal and in the records of any market agency or dealer acting as such agent.

(Approved by the Office of Management and Budget under control number 0580–0015)

(7 U.S.C. 228, 7 U.S.C. 222, and 15 U.S.C. 46)

[49 FR 6083, Feb. 17, 1984, as amended at 49 FR 8235, Mar. 6, 1984; 54 FR 16355, Apr. 24, 1989; 68 FR 75388, Dec. 31, 2003]

**§ 201.44 Market agencies to render prompt accounting for purchases on order.**

Each market agency shall, promptly following the purchase of livestock on

a commission or agency basis, transmit or deliver to the person for whose account such purchase was made, or the duly authorized agent, a true written account of the purchase showing the number, weight, and price of each kind of animal purchased, the names of the persons from whom purchased, the date of purchase, the commission and other lawful charges, and such other facts as may be necessary to complete the account and show fully the true nature of the transaction.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 181 et seq.)

[44 FR 45360, Aug. 2, 1979, as amended at 54 FR 26349, June 23, 1989; 68 FR 75388, Dec. 31, 2003]

**§ 201.45 Market agencies to make records available for inspection by owners, consignors, and purchasers.**

Each market agency engaged in the business of selling or buying livestock on a commission or agency basis shall, on request from an owner, consignor, or purchaser, make available copies of bills covering charges paid by such market agency for and on behalf of the owner, consignor, or purchaser which were deducted from the gross proceeds of the sale of livestock or added to the purchase price thereof when accounting for the sale or purchase.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 181 et seq.; Pub. L. 96-511, 94 Stat. 2812 (44 U.S.C. 3501 et seq.))

[19 FR 4528, July 22, 1954, as amended at 44 FR 45361, Aug. 2, 1979; 47 FR 746, Jan. 7, 1982; 54 FR 26349, June 23, 1989; 68 FR 75388, Dec. 31, 2003]

**§ 201.49 Requirements regarding scale tickets evidencing weighing of livestock, live poultry, and feed.**

(a) *Livestock.* When livestock is weighed for the purpose of purchase or sale, a scale ticket shall be issued which shall be serially numbered and used in numerical sequence. Sufficient copies shall be executed to provide a copy to all parties to the transaction. In instances where the weight values are automatically recorded directly on the account of purchase, account of

sale or other basic record, this record may serve in lieu of a scale ticket. When livestock is purchased on a carcass weight or carcass grade and weight basis, the hot carcass weights shall be recorded using a scale equipped with a printing device, and such printed weights shall be retained as part of the person or firm's business records to substantiate settlement on each transaction. Scale tickets issued under this section shall show:

- (1) The names and location of the agency performing the weighing service;
- (2) The date of the weighing;
- (3) The name of the buyer and seller or consignor, or a designation by which they may be readily identified;
- (4) The number of head;
- (5) Kind of livestock;
- (6) Actual weight of each draft of livestock; and
- (7) The name, initials, or number of the person who weighed the livestock, or if required by State law, the signature of the weigher.

(b) *Poultry.* When live poultry is weighed for the purpose of purchase, sale, acquisition, or settlement by a live poultry dealer, a scale ticket shall be issued which shall show:

- (1) The name of the agency performing the weighing service;
- (2) The name of the live poultry dealer;
- (3) The name and address of the grower, purchaser, or seller;
- (4) The name or initials or number of the person who weighed the poultry, or if required by State law, the signature of the weigher;
- (5) The location of the scale;
- (6) The gross weight, tare weight, and net weight;
- (7) The date and time gross weight and tare weight are determined;
- (8) The number of poultry weighed;
- (9) The weather conditions;
- (10) Whether the driver was on or off the truck at the time of weighing; and
- (11) The license number of the truck or the truck number; *provided*, that when live poultry is weighed on a scale other than a vehicle scale, the scale ticket need not show the information specified in paragraphs (b)(9)-(11) of this section. Scale tickets issued under

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this paragraph shall be at least in duplicate form and shall be serially numbered and used in numerical sequence. One copy shall be furnished to the grower, purchaser, or seller, and one copy shall be furnished to or retained by the live poultry dealer.

(c) *Feed.* (1) Whenever feed is weighed by or on behalf of a stockyard owner, market agency, dealer, packer, or live poultry dealer where the weight of feed is a factor in determining payment or settlement to a livestock grower or poultry grower, a scale ticket shall be issued which shall show:

(i) The name of the agency performing the weighing service or the name and location of the firm responsible for supplying the feed;

(ii) The name and address of the livestock grower or poultry grower;

(iii) The name or initials or number of the person who weighed the feed, or if required by State law, the signature of the weigher;

(iv) The location of the scale;

(v) The gross weight, tare weight, and net weight of each lot assigned to an individual grower, if applicable;

(vi) The date and time gross weight and tare weight, if gross and tare weights are applicable, are determined;

(vii) The identification of each lot assigned to an individual grower by vehicle or trailer compartment number and seal numbers, if applicable;

(viii) Whether the driver was on or off the truck at the time of weighing, if applicable; and

(ix) The license number or other identification numbers on the truck and trailer, if weighed together, or trailer if only the trailer is weighed, if applicable.

(2) Scale tickets issued under this paragraph shall be at least in duplicate form and shall be serially numbered and used in numerical sequence. One copy shall be retained by the person subject to the P&S Act, and a second copy shall be furnished to the livestock grower or poultry grower.

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[61 FR 36281, July 10, 1996, as amended at 65 FR 17762, Apr. 5, 2000]

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### TRADE PRACTICES

#### **§ 201.53 Persons subject to the Act not to circulate misleading reports about market conditions or prices.**

No packer, live poultry dealer, stockyard owner, market agency, or dealer shall knowingly make, issue, or circulate any false or misleading reports, records, or representation concerning the market conditions or the prices or sale of any livestock, meat, or live poultry.

[54 FR 16355, Apr. 24, 1989]

#### **§ 201.55 Purchases, sales, acquisitions, payments and settlements to be made on actual weights.**

(a) Except as provided in paragraph (b) of this section, whenever livestock or live poultry is bought, sold, acquired, paid, or settled on a weight basis, or whenever the weight of feed is a factor in determining payment or settlement to a livestock grower or poultry grower by a stockyard owner, market agency, dealer, packer, or live poultry dealer when livestock or poultry is produced under a growing arrangement, payment or settlement shall be on the basis of the actual weight of the livestock, live poultry, and/or feed shown on the scale ticket. If the actual weight used is not obtained on the date and at the place of transfer of possession, this information shall be disclosed with the date and location of the weighing on the accountings, bills, or statements issued. Any adjustment to the actual weight shall be fully and accurately explained on the accountings, bills, or statements issued, and records shall be maintained to support such adjustment.

(b) Whenever the weight of feed is a factor in determining payment or settlement to such livestock grower or poultry grower when the livestock or poultry is produced under a livestock or poultry growing arrangement, any feed that is picked up from or returned by a livestock grower or poultry grower must be weighed or its weight must be reasonably determined. When feed is picked up or returned and not weighed, the stockyard owner, market agency, dealer, packer, or live poultry dealer must document that the method used reasonably determines weight and is

mutually acceptable to it and the livestock grower or poultry grower. The stockyard owner, market agency, dealer, packer, or live poultry dealer must document and account for the picked up or returned feed weight.

(Approved by the Office of Management and Budget under control number 0580-0015)

[65 FR 17762, Apr. 5, 2000]

**§ 201.56 Market agencies selling on commission; purchases from consignment.**

(a) *Livestock to be sold openly at highest available bid.* Every market agency engaged in the business of selling livestock on a commission or agency basis shall sell the livestock consigned to it openly, at the highest available bid, and in such a manner as to best promote the interest of each consignor.

(b) *Purchases from consignment.* No market agency engaged in the business of selling livestock on a commission basis shall purchase livestock from consignments, and no such market agency shall permit its owners, officers, agents, employees or any firm in which such market agency or its owners, officers, agents, or employees have an ownership or financial interest to purchase livestock consigned to such market agency, without first offering the livestock for sale in an open and competitive manner to other available buyers, and then only at a price higher than the highest available bid on such livestock.

(c) *Key employees not to purchase livestock out of consignments.* No market agency engaged in selling livestock on commission shall permit its auctioneers, weighmasters, or salesmen to purchase livestock out of consignment for any purpose for their own account, either directly or indirectly.

(d) *Purchase from consignments; disclosure required.* When a market agency purchases consigned livestock or sells consigned livestock to any owner, officer, agent, employee, or any business in which such market agency, owner, officer, agent, or employee has an ownership or financial interest, the market agency shall disclose on the account of sale the name of the buyer and the nature of the relationship existing be-

tween the market agency and the buyer.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 228, 7 U.S.C. 222, and 15 U.S.C. 46)

[49 FR 6084, Feb. 17, 1984, as amended at 49 FR 13003, Apr. 2, 1984; 58 FR 52886, Oct. 13, 1993; 68 FR 75388, Dec. 31, 2003]

**§ 201.61 Market agencies selling or purchasing livestock on commission; relationships with dealers.**

(a) *Market agencies selling on commission.* No market agency selling consigned livestock shall enter into any agreement, relationship or association with dealers or other buyers which has a tendency to lessen the loyalty of the market agency to its consignors or impair the quality of the market agency's selling services. No market agency selling livestock on commission shall provide clearing services for any independent dealer who purchases livestock from consignment to such market agency without disclosing, on the account of sale to the consignor, the name of the buyer and the nature of the financial relationship between the buyer and the market agency.

(b) *Market agencies buying on commission.* No market agency purchasing livestock on commission shall enter into any agreement, relationship, or association with dealers or others which will impair the quality of the buying services furnished to its principals. No market agency purchasing livestock on commission shall, in filling orders, purchase livestock from a dealer whose operations it clears or finances without disclosing the relationship between the market agency and dealer to its principals on the accountings furnished to the principals.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 228, 7 U.S.C. 222, and 15 U.S.C. 46)

[49 FR 6085, Feb. 17, 1984, as amended at 60 FR 42779, Aug. 17, 1995; 68 FR 75388, Dec. 31, 2003]

**§ 201.67 Packers not to own or finance selling agencies.**

No packer subject to the Act shall have an ownership interest in, finance, or participate in the management or operation of a market agency selling

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livestock on a commission basis, nor shall such a market agency permit a packer to have an ownership interest in, finance, or participate in the management or operation of such market agency.

(7 U.S.C. 228, 228b, 222, 15 U.S.C. 46)

[49 FR 32844, Aug. 17, 1984]

### § 201.69 Furnishing information to competitor buyers.

No packer, dealer, or market agency, in connection with transactions subject to the provisions of the act, shall, in person, or through employed buyers, for the purpose of restricting or limiting competition, manipulating livestock prices, or controlling the movement of livestock, prior to, or during the conduct of, his buying operations: (a) Furnish competitor packers, dealers, market agencies, or their buyers or representatives, similarly engaged in buying livestock, with information concerning his proposed buying operations, such as the species, classes, volume of livestock to be purchased, or prices to be paid; or (b) furnish any other buying information to competitor buyers.

[19 FR 4531, July 22, 1954, as amended at 24 FR 3183, Apr. 24, 1959]

### § 201.70 Restriction or limitation of competition between packers and dealers prohibited.

Each packer and dealer engaged in purchasing livestock, in person or through employed buyers, shall conduct his buying operations in competition with, and independently of, other packers and dealers similarly engaged.

[24 FR 3183, Apr. 24, 1959]

## SERVICES

### § 201.71 Scales; accurate weights, repairs, adjustments or replacements after inspection.

(a) All scales used by stockyard owners, market agencies, dealers, packers, and live poultry dealers to weigh livestock, livestock carcasses, live poultry, or feed for the purposes of purchase, sale, acquisition, payment, or settlement shall be installed, maintained, and operated to ensure accurate weights. Such scales shall meet appli-

cable requirements contained in the General Code, Scale Code, and Weights Code of the 1996 edition of National Institute of Standards and Technology (NIST) Handbook 44, "Specifications, Tolerances, and Other Technical Requirements for Weighing and Measuring Devices," which is hereby incorporated by reference. This incorporation by reference was approved by the Director of the Federal Register on January 11, 1989, in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. These materials are incorporated as they exist on the date of approval and a notice of any change in these materials will be published in the FEDERAL REGISTER. This handbook is for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. It is also available for inspection at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html).

(b) All scales used by stockyard owners, market agencies, dealers, packers, and live poultry dealers to weigh livestock, livestock carcasses, live poultry, or feed for the purpose of purchase, sale, acquisition, payment, or settlement of livestock or live poultry, and all scales used for the purchase, sale, acquisition, payment, or settlement of livestock on a carcass weight basis shall be equipped with a printing device which shall record weight values on a scale ticket or other document.

(c) All vehicle scales used to weigh livestock, live poultry, or feed for purposes of purchase, sale, acquisition, payment, or settlement of livestock or live poultry shall be of sufficient length and capacity to weigh the entire vehicle as a unit: Provided, That a trailer may be uncoupled from the tractor and weighed as a single unit.

(d) No scale shall be operated or used by any stockyard owner, market agency, dealer, packer, or live poultry dealer to weigh livestock, livestock carcasses, live poultry, or feed for purposes of purchase, sale, acquisition, payment, or settlement of livestock,

livestock carcasses or live poultry unless it has been found upon test and inspection, as specified in § 201.72, to be in a condition to give accurate weight. If a scale is inspected or tested and found to be in a condition to give incorrect or inaccurate weights or if any repairs, adjustments or replacements are made to a scale, it shall not be used until it has been inspected and tested and determined to meet all accuracy requirements specified in the regulations in this section.

[65 FR 17763, Apr. 5, 2000, as amended at 69 FR 18803, Apr. 9, 2004]

**§ 201.72 Scales; testing of.**

(a) Each stockyard owner, market agency, dealer, packer, or live poultry dealer who weighs livestock, live poultry, or feed for purposes of purchase, sale, acquisition, payment, or settlement of livestock or live poultry, or who weighs livestock carcasses for the purpose of purchase on a carcass weight basis, or who furnishes scales for such purposes, shall cause such scales to be tested by competent persons in accordance with the regulations in this part at least twice during each calendar year at intervals of approximately 6 months. More frequent testing will be required in cases where the scale does not maintain accuracy between tests.

(b) Each stockyard owner, market agency, dealer, packer, or live poultry dealer who weighs livestock, livestock carcasses, live poultry, or feed for purposes of purchase, sale, acquisition, payment, or settlement of livestock, livestock carcasses or live poultry shall furnish reports of such tests and inspections on forms prescribed by the Administrator. The stockyard owner, market agency, dealer, packer or live poultry dealer shall retain one copy of the test and inspection report and shall file one copy with the P&S regional office for the region in which the scale is located.

(c) When scales used for weighing livestock, livestock carcasses, live poultry, or feed are tested and inspected by an agency of a State or municipality or other governmental subdivision, the forms ordinarily used by such agency for reporting test and inspection of scales shall be accepted in

lieu of the forms prescribed for this purpose by the Administrator if such forms contain substantially the same information.

(Approved by the Office of Management and Budget under control number 0580-0015)

[65 FR 17763, Apr. 5, 2000]

**§ 201.73 Scale operators to be qualified.**

Stockyard owners, market agencies, dealers, packers, and live poultry dealers shall employ qualified persons to operate scales for weighing livestock, livestock carcasses, live poultry, or feed for the purposes of purchase, sale, acquisition, payment, or settlement of livestock, livestock carcasses, or live poultry, and they shall require such employees to operate the scales in accordance with the regulations in this part.

[65 FR 17763, Apr. 5, 2000]

**§ 201.73-1 Instructions for weighing livestock.**

Stockyard operators, market agencies, dealers, and packers who operate scales on which livestock is weighed in purchase or sales transactions are responsible for the accurate weighing of such livestock. They shall supply copies of the instructions in this section to all persons who perform weighing operations for them and direct such person to familiarize themselves with the instructions and to comply with them at all times. This section shall also apply to any additional weighers who are employed at any time. Weighers must acknowledge their receipt of these instructions and agree to comply with them, by signing in duplicate, P&SA Form 215 provided by the Packers and Stockyards Programs. One copy of the form is to be filed with a regional office of the Packers and Stockyards Programs and the other retained by the agency employing the weighers.

(a) *Balancing the empty scale.* (1) The empty scale shall be balanced each day before weighing begins, and maintained in correct balance which weighing operations continue. The zero balance shall be verified at intervals of not more than 15 drafts or 15 minutes,

whichever is completed first. In addition, the zero balance of the scale shall be verified whenever a weigher resumes weighing duties after an absence from the scale and also whenever a load exceeding half the scale capacity or 10,000 pounds (whichever is less) has been weighed and is followed by a load of less than 1,000 pounds, verification to occur before the weighing of the load of less than 1,000 pounds.

(2) The time at which the empty scale is balanced or its zero balance verified shall be recorded on scale tickets or other permanent records. Balance tickets must be filed with other scale tickets issued on that date.

(3) Before balancing the empty scale, the weigher shall assure himself that the scale gates are closed and that no persons or animals are on the scale platform or in contact with the stock rack, gates, or platform. If the scale is balanced with persons on the scale platform, the zero balance shall be verified whenever there is a change in such persons. When the scale is properly balanced and ready for weighing, the weigher shall so indicate by an appropriate signal.

(4) Weighbeam scales shall be balanced by first seating each poise securely in its zero notch and then moving the balance ball to such position that a correct zero balance is obtained. A scale equipped with a balance indicator is correctly balanced when the pointer comes to rest at zero. A scale not equipped with a balance indicator is correctly balanced if the weighbeam, when released at the top or bottom of the trig loop, swings freely in the trig loop in such manner that it will come to rest at the center of the trig loop.

(5) Dial scales shall be balanced by releasing all drop weights and operating the balance ball or other balancing device to obtain a correct zero balance. The indicator must visually indicate zero on the dial and the ticket printer must record a correct zero balance.

(6) Electronic digital scales should be properly warmed up before use. In most cases, it is advisable to leave the electric power on continuously. The zero load balance shall be verified by recording the zero balance on a scale ticket. The main indicating element

and the remote visual weight display shall indicate zero when the balance is verified. The proper procedure for balancing this type of scale will vary according to the manufacturer. Refer to the operator's manual for specific instructions.

(b) *Weighing the load.* (1) Before weighing a draft of livestock, the weigher shall assure himself that the entire draft is on the scale platform with the gates closed and that no persons or animals off the scale are in contact with the platform, gates, or stock rack.

(i) On a weighbeam scale with a balance indicator, the weight of a draft shall be determined by seating the poises at such positions that the pointer will come to rest within the central target area or within  $\frac{1}{4}$  (0.25) inch of the zero mark.

(ii) On a weighbeam scale without a balance indicator, the weight shall be determined by seating the poises at such positions that the weighbeam, when released from the top or bottom of the trig loop, will swing freely and come to rest at the approximate center of the trig loop.

(iii) On a dial scale, the weight is indicated automatically when the indicator moves around the dial face and comes to rest.

(iv) On an electronic digital scale, the weight of a draft is indicated automatically when the weight value indicated stabilized.

(2) The correct weight of a livestock draft is the value in pounds indicated when a correct load balance is obtained. The weigher should always concentrate his attention upon the beam tip, balance indicator or dial indicator while weighing and not concern himself with reading the visible weight indications until correct load balance is obtained. On electronic digital scales, the weigher should concentrate on the pulsing or flickering of weight values to assure that the unit indicates a stable weight before activating the print button.

(c) *Recording the weight.* (1) The weight of each draft shall be recorded immediately after the load balance is obtained and before any poises are moved or the load is removed from the scale platform. The weigher shall make



certain that the printed weight record agrees with the weight value visually indicated when correct load balance is obtained. He shall also assure himself that the printed weight value is distinct and legible.

(2) The weight printing device on a scale shall be operated only to produce a printed or impressed record of the weight value while the livestock load is on the scale and correctly balanced. If the weight value is not printed clearly and correctly, the ticket shall be marked void and a new one printed before the livestock is removed from the scale.

(d) *Scale tickets.* (1) Scale tickets used to record the weight values of livestock in purchase or sales transactions shall be used, at any given scale, in the order of their consecutive serial numbers unless otherwise marked to show the order of their use. All tickets shall show the date of the weighing and the name or initials of the weigher performing the weighing service.

(2) No scale tickets shall be destroyed or otherwise disposed of because they are soiled, damaged, incorrectly executed, or voided. They shall be preserved and filed to comprise a complete serial number sequence.

(3) No scale ticket shall be used to record the weight of a livestock draft for "catch-weight," inventory, transportation charge or other nonsale purposes unless the ticket is clearly marked to show why the weight was determined.

(4) When weight values are recorded by means of automatic recording equipment directly on the accounts of sale or other basic records, such record may serve in lieu of a scale ticket.

(e) *Weigher's responsibilities.* (1) The primary responsibility of a weigher is to determine and accurately record the weight of livestock drafts without prejudice or favor to any person or agency and without regard for livestock ownership, price, condition, fill, shrink, or other considerations. A weigher shall not permit the representations or attitudes of any persons or agencies to influence his judgment or action in performing his duties.

(2) Unused scale tickets, or those which are partially executed but without a printed weight value, shall not be

left exposed or accessible to unauthorized personnel. All such tickets shall be kept under lock when the weigher is not at his duty station.

(3) Accurate weighing and correct weight recording require that a weigher shall not permit his operations to be hurried to the extent that inaccurate weights or incorrect weight records may result. Each draft of livestock must be weighed accurately to the nearest minimum weight value that can be indicated or recorded. Manual operations connected with balancing, weighing, and recording shall be performed with the care necessary to prevent damage to the accurately machined and adjusted parts of weighbeams, poises, and printing devices.

(4) Livestock owners, buyers, or others having legitimate interest in a livestock draft must be permitted to observe the balancing, weighing, and recording procedures, and a weigher shall not deny them that right or withhold from them any information pertaining to the weight of that draft. He shall check the zero balance of the scale or reweigh a draft of livestock when requested by such parties.

(f) *Sensitivity control.* (1) A scale must be sensitive in response to platform loading if it is to yield accurate weights. It, therefore, is the duty of a weigher to assure himself that interferences, weighbeam friction, or other factors do not impair sensitivity. He should satisfy himself, at least twice each day, that the scale is sufficiently sensitive, and if the following requirements are not met, he should report the facts to his superior or employer immediately.

(2) A weighbeam scale with a balance indicator is sufficiently sensitive if, when the scale is balanced with the pointer at the center of the target, movement of the fractional poise one graduation will change the indicator rest point  $\frac{1}{4}$  inch (0.25) or the width of the central target area, whichever is greater.

(3) A weighbeam scale without a balance indicator is sufficiently sensitive if, when the scale is balanced with the weighbeam at the center of the trig loop, movement of the fractional poise two graduations will cause the

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weighbeam to come to rest at the bottom of the trig loop.

(4) Adjustable damping devices are incorporated in balance indicators and in dial scales to absorb the effects of load impact and assist in bringing the indicator to rest. The weigher should be familiar with the location and adjustment of these damping devices and should keep them adjusted so that the pointer will oscillate freely through at least one complete cycle of movement before coming to rest at its original position.

(5) Friction at weighbeam bearings may reduce the sensitivity of the scale, cause sluggish weighbeam action and affect weighing accuracy. A weigher should inspect the weighbeam assembly daily to make certain that there is clearance between the weighbeam and the pivot bearings.

(6) Interferences or binding of the scale platform, stock rack, gates or other “live” parts of the scale are common causes of weighing inaccuracy. A weigher should satisfy himself, at the beginning of each weighing period, that all such “live” parts have sufficient clearance to prevent interferences.

(g) *General precautions.* (1) The poises of weighbeam scales are carefully adjusted and sealed to a definite weight at the factory and any change in that weight seriously affects weighing accuracy. A weigher, therefore, should be certain that poise parts do not become broken, loose or lost and that no material is added to a poise. Balancing or weighing shall not be performed while a scale ticket is in the slot of a weighbeam poise.

(2) Stops are provided on scale weighbeams to prevent movement of poises back of the zero graduation when balancing or weighing. When the stops become worn or broken and allow a poise to be set behind the zero position, this condition should be reported and corrected without delay.

(3) Foreign objects or loose material in the form of nuts, bolts, washers or other material on any part of the weighbeam assembly, including the counter-balance hanger or counter-balance weights, are potential sources of weighing error. Loose balancing material must be enclosed in the shot cup of the counter-balance hanger, and

counter-balance weights must not be of the slotted type which can readily be removed.

(4) Whenever for any reason a weigher has reason to believe that a scale is not functioning properly or not yielding correct weight values, he shall discontinue weighing, report the facts to the parties responsible for scale maintenance, and request inspection, test, or repair of the scale.

(5) When a scale has been adjusted, modified, or repaired in any manner which may affect the accuracy of weighing or weight recording, the weigher shall not use the scale until it has been tested and inspected and found to be accurate.

(6) Count-off men, gate men, or others assigned to open or close scale gates or to drive livestock on or off the scale, shall perform those functions as directed by the weigher's signals or spoken instructions. They shall prevent persons or animals off the scale from being in contact with any part of the scale platform, stock rack, or gates while the scale is being balanced or used for weighing. They shall not open gates or remove livestock from the scale until directed by the weigher.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 222 and 228 and 15 U.S.C. 46)

[39 FR 40277, Nov. 15, 1974, as amended at 49 FR 39516, Oct. 9, 1984; 61 FR 36282, July 10, 1996; 68 FR 75388, Dec. 31, 2003]

### § 201.76 Reweighing.

Stockyard owners, market agencies, dealers, packers and live poultry dealers shall reweigh livestock, livestock carcasses or live poultry on request of any authorized representative of the Secretary.

[54 FR 16356, Apr. 24, 1989]

### § 201.81 Suspended registrants.

No stockyard owner, packer, market agency, or dealer shall employ any person who has been suspended as a registrant to perform activities in connection with livestock transactions subject to the jurisdiction of the Secretary under the Act during the period of such suspension: *Provided*, That the provisions of this section shall not be construed to prohibit the employment of

any person who has been suspended as a registrant until such time as the person demonstrates solvency or obtains the bond required under the Act and regulations. No such person shall be employed, however, until after the expiration of any specified period of suspension contained in the order of suspension.

(7 U.S.C. 222 and 228 and 15 U.S.C. 46)

[49 FR 37374, Sept. 24, 1984]

**§ 201.82 Care and promptness in weighing and handling livestock and live poultry.**

(a) Each stockyard owner, market agency, dealer, packer and live poultry dealer shall exercise reasonable care and promptness with respect to loading, transporting, holding, yarding, feeding, watering, weighing or otherwise handling livestock or live poultry to prevent waste of feed, shrinkage, injury, death or other avoidable loss.

(b) Whenever live poultry is obtained under a poultry growing arrangement, the poultry shall be transported promptly after loading and the gross weight for grower payment purposes shall be determined immediately upon arrival at the processing plant, holding yard, or other scale normally used for such purpose.

[54 FR 16356, Apr. 24, 1989; 54 FR 18713, May 2, 1989]

INSPECTION OF BRANDS

**§ 201.86 Brand inspection: Application for authorization, registration and filing of schedules, reciprocal arrangements, and maintenance of identity of consignments.**

(a) *Application for authorization.* Any department or agency or duly-organized livestock association of any State in which branding or marking of livestock as a means of establishing ownership prevails by custom or statute, which desires to obtain an authorization to charge and collect a fee for the inspection of brands, marks, and other identifying characteristics of livestock, as provided in section 317 of the Act, shall file with the Administrator an application in writing for such authorization. In case two or more applications for authorization to collect a fee for the inspection of

brands, marks, and other identifying characteristics of livestock are received from the same State, a hearing will be held to determine which applicant is best qualified.

(b) *Registration and filing of schedules.* Upon the issuance of an authorization to an agency or an association, said agency or association shall register as a market agency in accordance with the provisions of § 201.10, except that no bond need be filed or maintained, and shall file a schedule of its rates and charges for performing the service in the manner and form prescribed by § 201.17.

(c) *Reciprocal arrangements.* Any authorized agency or association may make arrangements with an association or associations in the same or in another State, where branding or marking livestock prevails by custom or statute, to perform inspection service at stockyards on such terms and conditions as may be approved by the Administrator: *Provided*, That such arrangements will tend to further the purpose of the Act and will not result in duplication of charges or services.

(d) *Maintenance of identity of consignments.* All persons having custody at the stockyard of livestock subject to inspection shall preserve the identity of the consignment until inspection has been completed by the authorized inspection agency. Agencies authorized to conduct such inspection shall perform the work as soon after receipt of the livestock as practicable and as rapidly as is reasonably possible in order to prevent delay in marketing, shrinkage in weight, or other avoidable losses.

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(7 U.S.C. 203, 204, 207, 217a, 222 and 228)

[49 FR 33005, Aug. 20, 1984, as amended at 68 FR 75388, Dec. 31, 2003]

GENERAL

**§ 201.94 Information as to business; furnishing of by packers, live poultry dealers, stockyard owners, market agencies, and dealers.**

Each packer, live poultry dealer, stockyard owner, market agency, and dealer, upon proper request, shall give to the Secretary or his duly authorized

## § 201.95

representatives in writing or otherwise, and under oath or affirmation if requested by such representatives, any information concerning the business of the packer, live poultry dealer, stockyard owner, market agency, or dealer which may be required in order to carry out the provisions of the Act and regulations in this part within such reasonable time as may be specified in the request for such information.

(Approved by the Office of Management and Budget under control number 0580-0015)

[54 FR 16356, Apr. 24, 1989, as amended at 54 FR 26349, June 23, 1989; 68 FR 75388, Dec. 31, 2003]

### **§ 201.95 Inspection of business records and facilities.**

Each stockyard owner, market agency, dealer, packer, and live poultry dealer, upon proper request, shall permit authorized representatives of the Secretary to enter its place of business during normal business hours and to examine records pertaining to its business subject to the Act, to make copies thereof and to inspect the facilities of such persons subject to the Act. Reasonable accommodations shall be made available to authorized representatives of the Secretary by the stockyard owner, market agency, dealer, packer, or live poultry dealer for such examination of records and inspection of facilities.

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[54 FR 16356, Apr. 24, 1989, as amended at 54 FR 26349, June 23, 1989; 68 FR 75388, Dec. 31, 2003]

### **§ 201.96 Unauthorized disclosure of business information prohibited.**

No agent or employee of the United States shall, without the consent of the stockyard owner, market agency, dealer, packer or live poultry dealer concerned, divulge or make known in any manner, any facts or information regarding the business of such person acquired through any examination or inspection of the business or records of the stockyard owner, market agency, dealer, packer or live poultry dealer, or through any information given by the stockyard owner, market agency, dealer, packer, or live poultry dealer pursu-

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ant to the Act and regulations, except to such other agents or employees of the United States as may be required to have such knowledge in the regular course of their official duties or except insofar as they may be directed by the Administrator or by a court of competent jurisdiction, or except as they may be otherwise required by law.

[54 FR 16356, Apr. 24, 1989]

### **§ 201.97 Annual reports.**

Every packer, live poultry dealer, stockyard owner, market agency, and dealer (except a packer buyer registered to purchase livestock for slaughter only) shall file annually with the Administration a report on prescribed forms not later than April 15 following the calendar year end or, if the records are kept on a fiscal year basis, not later than 90 days after the close of his fiscal year. The Administrator on good cause shown, or on his own motion, may grant a reasonable extension of the filing date or may waive the filing of such reports in particular cases.

(Approved by the Office of Management and Budget under Control Number 0580-0015)

[54 FR 16356, Apr. 24, 1989, as amended at 68 FR 75388, Dec. 31, 2003]

### **§ 201.98 Packers and dealers not to charge, demand, or collect commission, yardage, or other service charges.**

No packer or dealer shall, in connection with the purchase of livestock in commerce, charge, demand, or collect from the seller of the livestock any compensation in the form of commission, yardage, or other service charge unless the charge is for services mandated by law or statute and is not inconsistent with the provisions of the Act.

[61 FR 36282, July 10, 1996]

### **§ 201.99 Purchase of livestock by packers on a carcass grade, carcass weight, or carcass grade and weight basis.**

(a) Each packer purchasing livestock on a carcass grade, carcass weight, or carcass grade and weight basis shall, prior to such purchase, make known to the seller, or to his duly authorized

agent, the details of the purchase contract. Such details shall include, when applicable, expected date and place of slaughter, carcass price, condemnation terms, description of the carcass trim, grading to be used, accounting, and any special conditions.

(b) Each packer purchasing livestock on a carcass grade, carcass weight, or carcass grade and weight basis, shall maintain the identity of each seller's livestock and the carcasses therefrom and shall, after determination of the amount of the purchase price, transmit or deliver to the seller, or his duly authorized agent, a true written account of such purchase showing the number, weight, and price of the carcasses of each grade (identifying the grade) and of the ungraded carcasses, an explanation of any condemnations, and any other information affecting final accounting. Packers purchasing livestock on such a basis shall maintain sufficient records to substantiate the settlement of each transaction.

(c) When livestock are purchased by a packer on a carcass weight or carcass grade and weight basis, purchase and settlement therefor shall be on the basis of carcass price. This paragraph does not apply to purchases of livestock by a packer on a guaranteed yield basis.

(d) Settlement and final payment for livestock purchased by a packer on a carcass weight or carcass grade and weight basis shall be on actual hot weights. The hooks, rollers, gambrels or other similar equipment used at a packing establishment in connection with the weighing of carcasses of the same species of livestock shall be uniform in weight. The tare shall include only the weight of such equipment.

(e) Settlement and final payment for livestock purchased by a packer on a USDA carcass grade shall be on an official (final—not preliminary) grade. If settlement and final payment are based upon any grades other than official USDA grades, such other grades shall be set forth in detailed written specifications which shall be made available to the seller or his duly authorized agent. For purposes of settlement and final payment for livestock purchased on a grade or grade and weight basis, carcasses shall be final graded before

the close of the second business day following the day the livestock are slaughtered.

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(Pub. L. 96-511, 94 Stat. 2812 (44 U.S.C. 3501 et seq.); 7 U.S.C. 222 and 228 and 15 U.S.C. 46)

[33 FR 2762, Feb. 9, 1968, as amended at 33 FR 5401, Apr. 5, 1968; 49 FR 37375, Sept. 24, 1984; 54 FR 37094, Sept. 7, 1989; 68 FR 75388, Dec. 31, 2003]

#### POULTRY—PACKERS AND LIVE POULTRY DEALERS

##### § 201.100 Records to be furnished poultry growers and sellers.

(a) *Contracts; contents.* Each live poultry dealer who enters into a growout (feeding) contract with a poultry grower shall furnish the grower a true written copy of the contract, which shall clearly specify:

(1) The duration of the contract and conditions for the termination of the contract by each of the parties; and

(2) All terms relating to the payment to be made to the poultry grower, including among others, where applicable, the following:

(i) The party liable for condemnations, including those resulting from plant errors;

(ii) The method for figuring feed conversion ratios;

(iii) The formula or method used to convert condemnations to live weight;

(iv) The per unit charges for feed and other inputs furnished by each party; and

(v) The factors to be used when grouping or ranking poultry growers.

(b) *Settlement sheets; contents; supporting documents.* Each live poultry dealer, who acquires poultry pursuant to a contract with a poultry grower, shall prepare a true and accurate settlement sheet (final accounting) and furnish a copy thereof to the poultry grower at the time of settlement. The settlement sheet shall contain all information necessary to compute the payment due the poultry grower. For all such arrangements in which the weight of birds affects payment, the settlement sheet shall show, among other things, the number of live birds

marketed, the total weight and the average weight of the birds, and the payment per pound.

(c) *Condemnation and grading certificates.* Each live poultry dealer, who acquires poultry pursuant to a contract with a poultry grower which provides that official U.S. Department of Agriculture condemnations or grades, or both, are a consideration affecting payment to the grower, shall obtain an official U.S. Department of Agriculture condemnation or grading certificate, or both, for the poultry and furnish a copy thereof to the poultry grower prior to or at the time of settlement.

(d) *Grouping or ranking sheets.* Where the contract between the live poultry dealer and the poultry grower provides for payment to the poultry grower based upon a grouping or ranking of poultry growers delivering poultry during a specified period, the live poultry dealer shall furnish the poultry grower, at the time of settlement, a copy of a grouping or ranking sheet which shows the grower's precise position in the grouping or ranking sheet for that period. The grouping or ranking sheet need not show the names of other growers, but shall show the actual figures upon which the grouping or ranking is based for each grower grouped or ranked during the specified period.

(e) *Live poultry purchases.* Each live poultry dealer who purchases live poultry shall prepare and deliver a purchase invoice to the seller at time of settlement. The purchase invoice shall contain all information necessary to compute payment due the seller. When U.S. Department of Agriculture condemnations or U.S. Department of Agriculture grades, or both, of poultry purchased affect final payment, copies of official U.S. Department of Agriculture condemnation certificates or grading certificates, or both, shall be furnished to the seller at or prior to the time of settlement.

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[54 FR 16356, Apr. 24, 1989; 54 FR 18713, May 2, 1989, as amended at 68 FR 75388, Dec. 31, 2003]

**§ 201.108-1 Instructions for weighing live poultry.**

Live poultry dealers who operate scales on which live poultry is weighed

for purposes of purchase, sale, acquisition, or settlement are responsible for the accurate weighing of such poultry. They shall supply copies of the instructions in this section to all persons who perform weighing operations for them and direct such persons to familiarize themselves with the instructions and to comply with them at all times. This section shall also apply to any additional weighers who are employed at any time. Weighers must acknowledge their receipt of these instructions and agree to comply with them by signing in duplicate, a form provided by the Packers and Stockyards Programs, Grain Inspection, Packers and Stockyards Administration. One copy of this form is to be filed with a regional office of the Packers and Stockyards Programs, Grain Inspection, Packers and Stockyards Administration and the other copy retained by the Agency employing the weighers. The following instructions shall be applicable to the weighing of live poultry on all scales, except that paragraph (c)(1) of this section is only applicable to the weighing of live poultry on vehicle scales.

(a) *Balancing the empty scale.* (1) The scale shall be maintained in zero balance at all times. The empty scale shall be balanced each day before weighing begins and thereafter its zero balance shall be verified before any poultry is weighed. In addition, the zero balance of the scale shall be verified whenever a weigher resumes weighing duties after an absence from the scale.

(2) Before balancing the empty scale, the weigher shall notify parties outside the scale house of his/her intention and shall be assured that no persons or vehicles are in contact with the platform. When the empty scale is balanced and ready for weighing, the weigher shall so indicate by appropriate signal.

(3) Weighbeam scales shall be balanced by first seating each poise securely in its zero notch and then moving the balance ball to such position that a correct zero balance is obtained. A scale equipped with a balance indicator is correctly balanced when the indicator comes to rest in the center of the target area. A scale not equipped with a balance indicator is correctly

balanced if the weighbeam, when released at the top or bottom of the trig loop, swings freely in the trig loop in such manner that it will come to rest at the center of the trig loop.

(4) Dial scales shall be balanced by releasing all drop weights and operating the balance ball or other balancing device to obtain a correct zero balance. The indicator must visibly indicate zero on the dial reading face and the ticket printer must record a correct zero balance. "Balance tickets" shall be filed with other scale tickets issued on that date.

(5) Electronic digital scales should be properly warmed up before use. In most cases it is advisable to leave the electric power on continuously. The zero balance shall be verified by recording the zero balance on a scale ticket. The main indicating element and the remote visual weight display shall indicate zero when the balance is verified. The proper procedure for balancing this type of scale will vary according to the manufacturer. Refer to the operator's manual for specific instructions.

(6) A balance ball or other balancing device shall be operated only when balancing the empty scale and shall not be operated at any time or for any other purpose.

(7) The time at which the empty scale is balanced or its zero balance verified shall be marked on scale tickets or other permanent records.

(b) *Sensitivity control.* (1) A scale must be sensitive in response to platform loading if it is to yield accurate weights. It, therefore, is the duty of a weigher to assure himself that interferences, weighbeam friction, or other factors do not impair sensitivity. He shall satisfy himself, at least twice each day, that the scale is sufficiently sensitive, and, if the following requirements are not met, he must report the facts to his superior or employer immediately.

(2) A weighbeam scale with a balance indicator is sufficiently sensitive if, when the scale is balanced with the indicator at the center of the target, movement of the fractional poise one graduation will change the indicator rest point  $\frac{1}{4}$  inch (0.25) or the width of the central target area, whichever is greater.

(3) A weighbeam scale without a balance indicator is sufficiently sensitive if, when the scale is balanced with the weighbeam at the center of the trig loop, movement of the fractional poise two graduations will cause the weighbeam to come to rest at the bottom of the trig loop.

(4) Adjustable damping devices are incorporated in balance indicators and in dial scales to absorb the effects of load impact and to bring the indicator to rest. The weigher must be familiar with the location and adjustment of these damping devices and keep them so adjusted that when the indicator is displaced from a position of rest, it will oscillate freely through at least one complete cycle of movement before coming to rest at its original position.

(5) Friction at weighbeam bearings may reduce the sensitiveness of the scale, cause sluggish weighbeam action and affect weighing accuracy. A weigher must inspect the weighbeam assembly daily to make certain that there is clearance between the weighbeam and the pivot bearings.

(6) Interferences or binding of the scale platform, or other "live" parts of the scale, are common causes of weighing inaccuracy. A weigher shall satisfy himself, at the beginning of each weighing period, that all such "live" parts have sufficient clearance to prevent interference.

(c) *Weighing the load.* (1) Vehicle scales used to weigh live poultry shall be of sufficient length and capacity to weigh an entire vehicle as a unit; provided, that a trailer may be uncoupled from a tractor and weighed as a single unit. Before weighing a vehicle, either coupled or uncoupled, the weigher shall be assured that the entire vehicle is on the scale platform and that no persons are on the scale platform.

(i) On a weighbeam scale with a balance indicator the weight of a vehicle shall be determined by moving the poises to such positions that the indicator will come to rest within the central target area.

(ii) On a weighbeam scale without a balance indicator the weight shall be determined by moving the poises to such positions that the weighbeam, when released from the top or bottom of the trig loop, will swing freely in the

trig loop and come to rest at the approximate center of the trig loop.

(iii) On a dial scale the weight of a vehicle is indicated automatically when the indicator revolves around the dial face and comes to rest.

(iv) On an electronic digital scale the weight of a vehicle is indicated automatically when the weight value indicated is stable.

(2) The correct weight is the value in pounds indicated by a weighbeam, dial or digital scale when a stable load balance is obtained. In any case, the weigher should concentrate on the beam tip, balance indicator, dial or digital indicator while weighing and not be concerned with reading the visible weight indications until a stable load balance is obtained. On electronic digital scales, the weigher should concentrate on the pulsing or flickering of weight values to assure that the unit indicates a stable weight before activating the print button.

(d) *Recording the weight.* (1) The gross or tare weight shall be recorded immediately after the load balance is obtained and before any poises are moved or load removed from the scale platform. The weigher shall make certain that the printed weight record agrees with the weight value visibly indicated on the weighbeam, dial or digital indicator when correct load balance is obtained. The weigher shall also assure that the printed weight value is sufficiently distinct and legible.

(2) The weight printing device on a scale shall be operated only to produce a printed or impressed record of the weight while the load is on the scale and correctly balanced. If the weight is not printed clearly and correctly, the ticket shall be marked void and a new one printed before the load is removed from the scale.

(e) *Weigher's responsibilities.* (1) The primary responsibility of a weigher is to determine and record the true weight of live poultry without prejudice or favor to any person or agency and without regard for poultry ownership, price, condition, shrink, or other considerations. A weigher shall not permit the representations or attitudes of any persons or agencies to influence their judgment or action in performing his/her duties.

(2) Scale tickets issued shall be serially numbered and used in numerical sequence. Sufficient copies shall be executed to provide a copy to all parties to the transaction. Unused scale tickets or those which are partially executed shall not be left exposed or accessible to other parties. All such tickets shall be kept under lock when the weigher is not at his duty station.

(3) Accurate weighing and weight recording require that a weigher shall not permit operations to be hurried to the extent that inaccurate weights or incorrect weight records may result. The gross, tare and net weights must be determined accurately to the nearest minimum graduation. Manual operations connected with balancing, weighing, and recording shall be performed with the care necessary to prevent damage to the accurately machined and adjusted parts of weighbeams, poises, and printing devices. Rough handling of these parts shall be avoided.

(4) Poultry growers, live poultry dealers, sellers, or others having legitimate interest in a load of poultry are entitled to observe the balancing, weighing, and recording procedures. A weigher shall not deny such persons that right or withhold from them any information pertaining to the weight. The weigher shall check the zero balance of the scale or reweigh a load of poultry when requested by such parties or duly authorized representatives of the administrator.

(f) *General precautions.* (1) The poises of weighbeam scales are carefully adjusted and sealed to a definite weight at the factory and any change in that weight seriously affects weighing accuracy. A weigher, therefore, shall observe if poise parts are broken, loose or lost or if material is added to a poise and shall report any such condition to his/her superior or employer. Balancing or weighing shall not be performed while a scale ticket is in the slot of a weighbeam poise.

(2) Stops are provided on scale weighbeams to prevent movement of poises back of the zero graduation when balancing or weighing. When the stops become worn or broken and allow a poise to be set behind the zero position, this condition must be reported



by the weigher to their superior or employer and corrected without delay.

(3) Motion detection circuits are a part of electronic scales. They are designed to prevent the printing of weight values if the load has not stabilized within prescribed limits. The weighmaster's duty is to print the actual weight of the load within these limits. This requires printing the actual weight of the load, not one of the other weights that may be within the motion detection limits.

(4) Foreign objects or loose material in the form of nuts, bolts, washers, or other material on any part of the weighbeam assembly, including the counter-balance hanger or counter-balance weights, are potential sources of weighing error. Loose balancing material must be enclosed in the shot cup of the counter-balance hanger and counter-balance weights must not be of the slotted type which can readily be removed.

(5) Whenever, for any reason, a weigher has reason to believe that a scale is not functioning properly or not yielding correct weight values, the weigher shall discontinue weighing, report the facts to the parties responsible for scale maintenance and request inspection, test or repair of the scale.

(6) When a scale has been adjusted, modified, or repaired in any manner which can affect the accuracy of weighing or weight recording, the weigher shall not use the scale until it has been tested and inspected and found to be accurate.

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[37 FR 4955, Mar. 8, 1972, as amended at 61 FR 36282, July 10, 1996; 68 FR 75388, Dec. 31, 2003]

#### **§ 201.200 Sale of livestock to a packer on credit.**

(a) No packer whose average annual purchases of livestock exceed \$500,000 shall purchase livestock on credit, and no dealer or market agency acting as an agent for such a packer shall purchase livestock on credit, unless: (1) Before purchasing such livestock the packer obtains from the seller a written acknowledgment as follows:

On this date I am entering into a written agreement for the sale of livestock on credit

to \_\_\_\_\_, a packer, and I understand that in doing so I will have no rights under the trust provisions of section 206 of the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 196, Pub. L. 94-410), with respect to any such credit sale. The written agreement for such selling on credit

Covers a single sale.

Provides that it will remain in effect until (date).

Provides that it will remain in effect until canceled in writing by either party.

(Omit the provisions not applicable.)

Date \_\_\_\_\_

Signature \_\_\_\_\_

(2) Such packer retains such acknowledgment, together with all other documents, if any, setting forth the terms of such credit sales on which the purchaser and seller have agreed, and such dealer or market agency retains a copy thereof, in his records for such time as is required by any law, or by written notice served on such person by the Administrator, but not less than two calendar years from the date of expiration of the written agreement referred to in such acknowledgment; and

(3) Such seller receives a copy of such acknowledgment.

(b) Purchasing livestock for which payment is to be made by a draft which is not a check, shall constitute purchasing such livestock on credit within the meaning of paragraph (a) of this section. (See also §201.43(b)(1).)

(c) The provisions of this section shall not be construed to permit any transaction prohibited by §201.61(a) relating to financing by market agencies selling on a commission basis.

(Approved by the Office of Management and Budget under control number 0580-0015)

(Sec. 401, 42 Stat. 168 (7 U.S.C. 221); sec. 409, as added by sec. 7, 90 Stat. 1250 (7 U.S.C. 228b); 7 CFR 2.17, 2.54; 42 FR 35625; Pub. L. 96-511, 94 Stat. 2812 (44 U.S.C. 3501 et seq.); 7 U.S.C. 222 and 228 and 15 U.S.C. 46)

[42 FR 49929, Sept. 8, 1977, as amended at 49 FR 39516, Oct. 9, 1984; 54 FR 37094, Sept. 7, 1989; 68 FR 75388, Dec. 31, 2003]